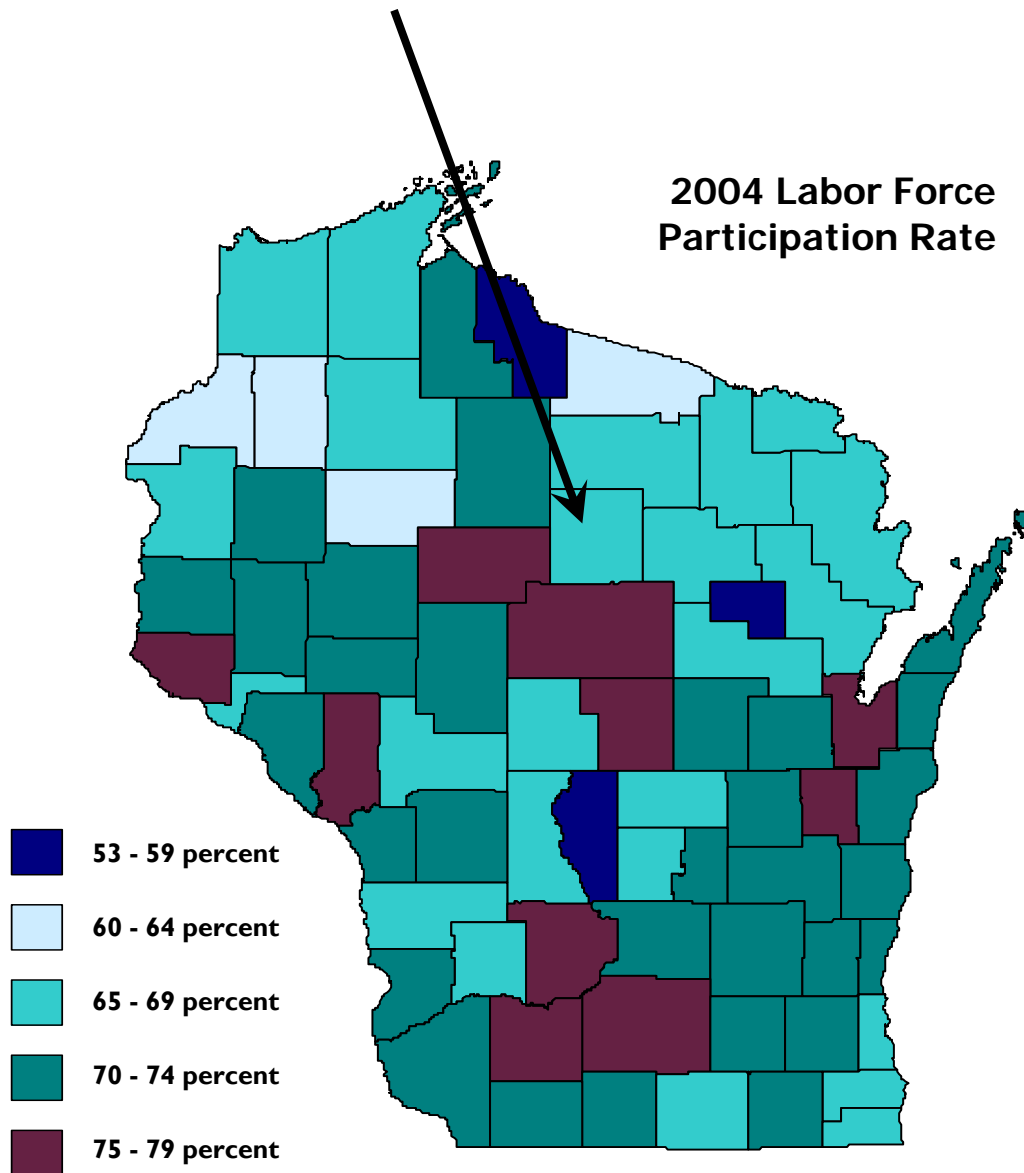


Lincoln County Workforce Profile



Source: Estimates created by DWD, OEA using data supplied by
U.S. Bureau of Labor Statistics and U.S. Bureau of Census

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State of Wisconsin
Department of Workforce Development
Office of Economic Advisors

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County Population and Labor Force

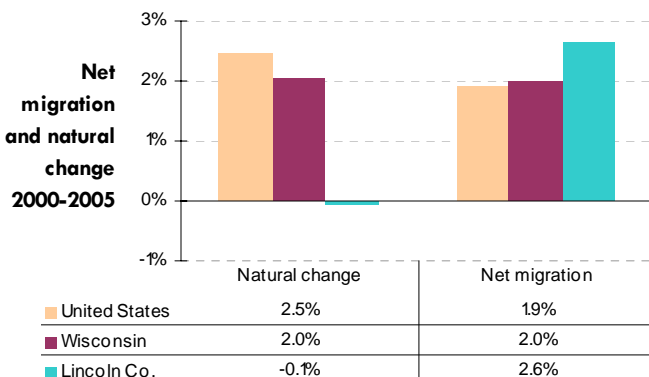
Population trends affect the supply of workers, the willingness of employers to open, expand or continue local operations and the demand for goods and services. Together, the towns of Merrill, Bradley, Pine River and Scott have 9,118 residents or 30 percent of Lincoln County's population. They also account for 402 (or nearly 53 percent) of the 761 residents the county gained between 2000 and 2005. Often a rural county's natural population change (births minus deaths) will be smaller than its net migration (people moving in minus people moving out). This trend is particularly pronounced in Lincoln County because it experienced fewer births than deaths (a negative rate of natural change). Wisconsin demographers expect the number of births to be less than the number of deaths in Lincoln through 2030 and expect net migration to slow considerably from a projected 540 between 2005 and 2010 to a projected 395 between 2010 and 2015. While birth and death trends tend to be fairly predictable, net migration trends change more quickly and less regularly, so the excess of births over deaths is far more reliable than the excess of in-migrants over out-migrants.

The table to the right shows that Lincoln County's participation rate (66.9%) is well below Wisconsin's (70.8%) and slightly above the nation's (65.4%). The county's rate of population growth (2.6%) lags the state's (4.0%) and the nation's (4.9%). Narrowing the focus to the 16-and-over population shows that Lincoln County has lower concentrations of

Five largest municipalities in Lincoln County

	April 2000 Census	Jan. 1, 2005 estimate	Numeric change	Percent change
Lincoln County	29,641	30,402	761	2.6%
Merrill, City	10,146	10,148	2	0.0%
Tomahawk, City	3,770	3,808	38	1.0%
Merrill, Town	2,979	3,099	120	4.0%
Bradley, Town	2,573	2,682	109	4.2%
Pine River, Town	1,877	1,965	88	4.7%

Source: Wis. Dept. of Administration, Demographic Services, August 2005



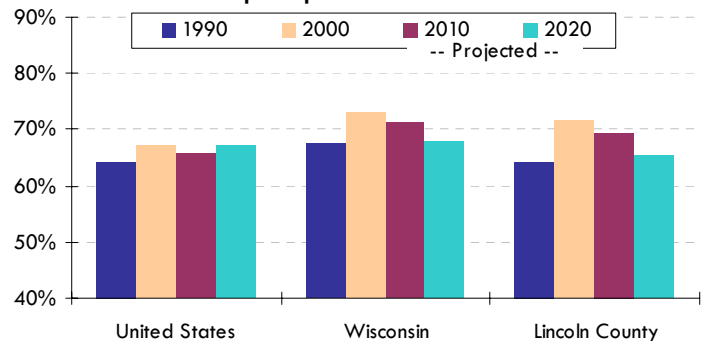
Source: WI Dept. of Admin., Demographic Services & US Census Bureau

Population and Labor Force

	United States	Wisconsin	Lincoln County
Total population in 2000	281,424,602	5,363,715	29,641
Population est. Jan. 1, 2005	295,160,302	5,580,757	30,402
Change	13,735,700	217,042	761
% change	4.9%	4.0%	2.6%
2005 Labor force population*	224,837,000	4,339,938	24,190
Share of total population	76.2%	78%	79.6%
Labor force	147,125,000	3,071,179	16,179
Labor force participation rate	65.4%	70.8%	66.9%
2005 Population 16 yrs. & over	228,621,674	4,417,313	24,529
16-24 yrs old	37,489,370	743,764	3,935
Share of population 16+ yrs	16.4%	16.8%	16.0%
25-59 yrs old	142,248,896	2,708,865	14,020
Share of population 16+ yrs	62.2%	61.3%	57.2%
60 yrs and older	48,883,408	964,684	6,574
Share of population 16+ yrs	21.4%	21.8%	26.8%
Projected population: 2020	335,804,546	6,110,878	31,232
Population 16 yrs. & over	264,085,104	4,869,573	25,622
16-24 yrs old	37,918,865	681,586	2,857
Share of population 16+ yrs	14.4%	14.0%	11.2%
25-59 yrs old	150,678,402	2,756,884	14,072
Share of population 16+ yrs	57.1%	56.6%	54.9%
60 yrs and older	75,487,837	1,431,103	8,693
Share of population 16+ yrs	28.6%	29.4%	33.9%

* civilian population 16 yrs. and older not in an institution

Percent of labor force age population that participates in labor force



Source: special tabulation by OEA using US Census, US Bureau of Labor Statistics, WI Dept. of Admin. estimates and projections

16- to 24-year-olds and 25- to 59-year-olds and a high concentration of residents 60 or more years old. Population projections suggest that by 2020 residents aged 60 or more will constitute a higher proportion of the 16-and-over population in Lincoln County (33.9%) than in Wisconsin (29.4%) or in the United States (28.6%).

Revised Labor Force

All labor force estimates published from 1990 to 2004 have been revised. The more recent years reflect trends revealed during Census 2000 while the 1990s were updated to include changes from 1990 to 2000 but are still based on ratios from the 1990 census.

The annual averages in the table to the right hide seasonal fluctuations. In 2004 Lincoln County's unemployment rate peaked at 7.9 percent in March and dipped to 4.0 percent in September. The labor force estimate peaked at nearly 16,500 in July and bottomed out just over 15,900 in September.

After the recession of the early 1990s, unemployment rates fell. Rates from the first half of the current decade reaffirm that unemployment rates are a lagging indicator of economic recovery. By the time cyclical unemployment rates peak, other economic indicators have been in more encouraging territory for a while. Lincoln County's lag time seems roughly in line with other Wisconsin counties, but the labor force estimate has been not growing as quickly during this recovery as it did during the last.

Lincoln County Civilian Labor Force Estimates

	Labor force	Employed	Unemployed	Unemployed rate
1990	13,703	12,968	735	5.4%
1991	13,939	12,929	1,010	7.2%
1992	14,526	13,583	943	6.5%
1993	14,845	13,975	870	5.9%
1994	15,034	14,152	882	5.9%
1995	15,601	14,629	972	6.2%
1996	15,835	15,021	814	5.1%
1997	16,062	15,220	842	5.2%
1998	15,474	14,742	732	4.7%
1999	14,710	14,037	673	4.6%
2000	16,184	15,524	660	4.1%
2001	16,343	15,533	810	5.0%
2002	16,305	15,325	980	6.0%
2003	16,379	15,338	1,041	6.4%
2004	16,179	15,282	897	5.5%

Source: DWD, Bureau of Workforce Information, Local Area Unemployment Statistics, September 2005

Education Attainment

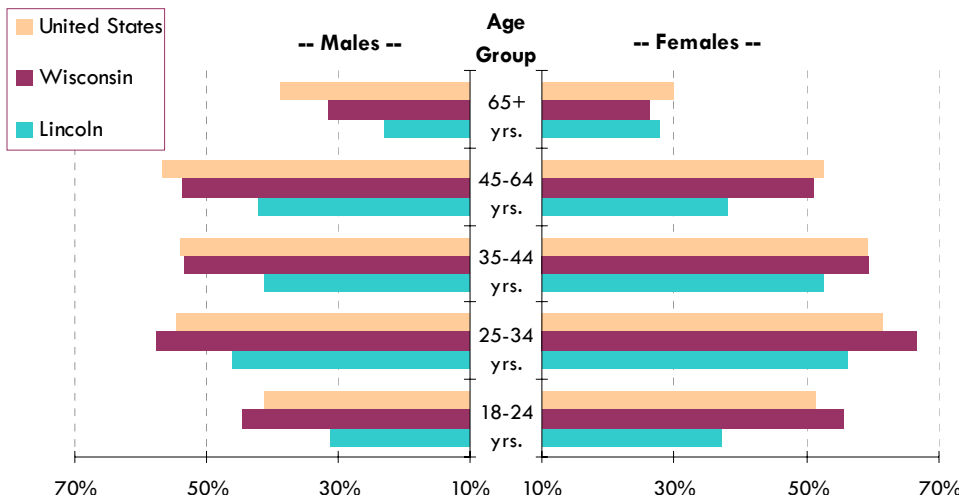
The graphs below show that post-secondary education has become more common with each generation of residents than it was for the last generation. Together, several trends increase the emphasis on education and training. As goods, services and labor travel more easily, international competition allows workers and employers all over the world to bid

for the same contracts. Education and training help workers and employers maintain a competitive edge by using current technology more thoroughly and helping to advance or refine subsequent technology developments.

For decades, the economy has gradually (yet seismically) shifted from goods-producing employment to service-producing employment. This dovetails with a shift from on-the-job training to pre-employment education and training. Today's workers see more value in transferable skills and less in employer-specific training.

The graph also shows a shift from older generations, where females have less post-secondary education than males to younger generations where they have more. Compared to the nation, Lincoln County has high concentrations of residents reporting some college but no degree or an associates degree and low concentrations of Bachelor's degrees and higher.

Residents with post-secondary education



Source: US Census 2000, Summary file 3, QT-P20

Employment and Wages

Educational attainment may be as much a product of employment and wage structure as a cause. Lincoln County establishments pay wages about 17 percent below the statewide all-industries average. Manufacturing employs more people than any other sector in Lincoln County and its average wage is higher than any other sector. Consequently, the manufacturing sector's total payroll (nearly \$131.6 million) is higher than any other sector's. Several segments of the manufacturing sector shed workers between 2003 and 2004. These segments include wood product manufacturing, metal fabrication and mineral product manufacturing.

The trade, transportation and utilities sector employed an average of 2,105 workers in 2004. While 1,287 were in the retail trade segment, where the average wage was \$17,946, just 14 worked in utilities, where the average wage was \$35,826 (which is just 55 percent of the statewide average annual wage for utilities). Shedding 81 workers between 2003 and 2004 allowed the wholesale trade sector to increase average wages by 18 percent while cutting nearly \$556,000 from total payroll. Retail trade shed 72 workers (5.3 percent of its workers), and its average annual wage fell 2.1 percent.

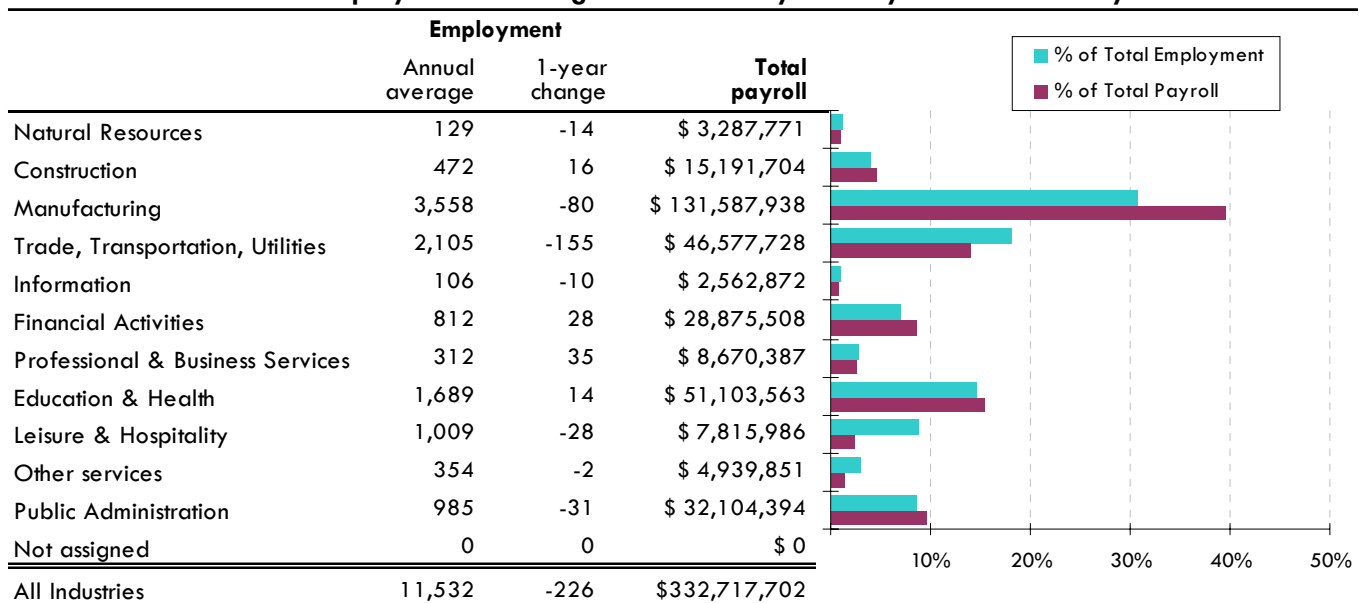
Average Annual Wage by Industry Division in 2004

	2004	2004		
	Average Annual Wage	Average Annual Wage	Percent of	1-year
	Wisconsin	Lincoln County	Wisconsin	% change
All Industries	\$ 34,749	\$ 28,852	83.0%	5.3%
Natural resources	\$ 27,399	\$ 25,487	93.0%	8.7%
Construction	\$ 41,258	\$ 32,186	78.0%	2.1%
Manufacturing	\$ 44,145	\$ 36,984	83.8%	6.1%
Trade, Transportation, Utilities	\$ 30,088	\$ 22,127	73.5%	6.6%
Information	\$ 41,759	\$ 24,178	57.9%	4.2%
Financial activities	\$ 45,103	\$ 35,561	78.8%	5.2%
Professional & Business Services	\$ 39,580	\$ 27,790	70.2%	-1.6%
Education & Health	\$ 36,408	\$ 30,257	83.1%	5.6%
Leisure & Hospitality	\$ 12,295	\$ 7,746	63.0%	3.6%
Other services	\$ 20,207	\$ 13,954	69.1%	-0.4%
Public Administration	\$ 36,347	\$ 32,593	89.7%	0.9%

Source: WI DWD, Bureau of Workforce Information, Quarterly Census of Employment & Wages

The education & health sector has fewer employees than trade, transportation & utilities, but education & health offers an average wage (\$30,257) high enough to boost its total payroll (\$51.1 million) above that of trade, transportation & utilities (\$46.6 million). Some healthcare sub-segments like ambulatory health care services offer higher average wages (\$45,557) than others, like nursing and residential care facilities (\$18,544), even after the latter's average wage increased 11.7 percent between 2003 and 2004. Demographic trends suggest that the healthcare segment may have more growth potential than the education segment.

2004 employment and wage distribution by industry in Lincoln County



Source: WI DWD, Bureau of Workforce Information, Quarterly Census Employment and Wages, June 2005

Industry and Employers by Size

Top 10 Employers in Lincoln County

Establishment	Product or Service	Size (Dec. 2004)
Merrill Public School	Elementary & secondary schools	500-999 employees
Church Mutual Insurance Co	Direct property & casualty insurers	250-499 employees
Packaging Corp of America	Paper, except newsprint, mills	250-499 employees
County of Lincoln	Executive & legislative offices, combined	250-499 employees
Semling Menke Co Inc	Wood window & door mfg.	250-499 employees
Harley-Davidson Motor Co Operations	Motorcycle, bicycle, & parts mfg.	250-499 employees
Hurd Windows & Doors Inc	All other plastics product mfg.	250-499 employees
Lincoln Wood Products Inc	Wood window & door mfg.	250-499 employees
School District of Tomahawk	Elementary & secondary schools	250-499 employees
Good Samaritan Health Center	Gen. medical & surgical hospitals	100-249 employees

Source: DWD, Bureau of Workforce Information, ES-202, July 2005

Prominent industries in Lincoln County

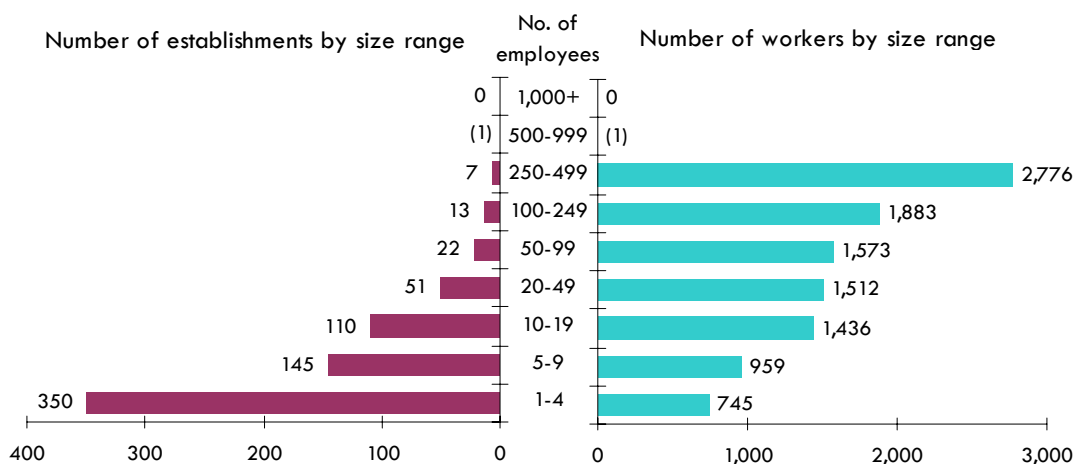
NAICS title	March 2005		Numeric change in employees	
	Establishments	Employees	2004-2005	2000-2005
Wood product manufacturing	14	1,056	-70	-232
Educational services	6	847	1	-13
Food services and drinking places	65	738	-36	-90
Fabricated metal product manufacturing	15	699	-41	-253
Executive, legislative, & gen government	18	576	not avail.	24
Insurance carriers & related activities	*	*	not avail.	not avail.
Paper manufacturing	*	*	not avail.	not avail.
Food and beverage stores	8	387	2	-42
Transportation equipment manufacturing	*	*	not avail.	not avail.
Hospitals	*	*	not avail.	not avail.

* data suppressed to maintain employer confidentiality

Column headings revised 02/06

Source: DWD, Bureau of Workforce Information, ES-202, September 2005

Lincoln County establishments and workers by employment size range in 2004



(1) Data not available due to suppression factors

Source: DWD, Bureau of Workforce Information, Table 221, July 2005

Some industries provide goods or services primarily for local consumption. Educators, governments, food & beverage stores and hospitals all rely on local income and demographic trends to generate revenues. The average annual wage at food & beverage stores (\$11,823) is not very high. Health care employment depends on how many people can afford health care and how many prefer more metropolitan environments or larger healthcare clusters.

Other industries sell their goods and services to people from outside Lincoln County, thereby bringing in outside money. Wood product manufacturing and metal fabrication have shed workers over the last year and over the last five years. Food services & drinking places offer low average annual wages (\$7,380). Productivity increases and industry consolidation limit employment growth in paper manufacturing. The "insurance carriers and related activities" segment accounts for roughly two-thirds of the "financial activities" employment in Lincoln County.

The graphs to the left show large numbers of establishments with small numbers of employees, and small numbers of establishments with large numbers of employees.

Per Capita Personal Income

While page 3 discussed wages paid by Lincoln County employers, this section focuses on income received by Lincoln County residents, regardless of whether the income is from work outside the county, investment/pension payments or government transfers such as Social Security or other income support programs. The table below shows that Lincoln County's 2003 Per Capita Personal Income (PCPI) of \$24,725 was 43rd among Wisconsin's 72 counties and the 5-year PCPI growth rate of 14.6 percent was 49th.

Areas with high PCPI often have high concentrations of professional and technical jobs or amenities that attract high-income retirees. Residents of high-PCPI suburbs often commute to take high-wage jobs in low-PCPI urban areas. As a partial offset, housing prices tend to be significantly higher in high-PCPI suburbs than in low-PCPI rural areas.

Compared to other sectors in Lincoln County, the manufacturing and trade, transportation & utilities employ many people and pay high wages. Lincoln County average wages in those sectors are well below Wisconsin average wages in those sectors, (83.8 percent and 73.5 percent of statewide averages, respectively). Because the information sector's wages in Lincoln County are 57.9 percent of the statewide average and local professional & business services sector's wages are 70.2 percent of the statewide average, it is challenging to attract workers or businesses in sectors that drive high wages elsewhere.

Dividing total employment earnings by total population yields per capita net earnings of \$16,384, well below the statewide figure (\$21,434) or

the national figure (\$21,806). Transfer payments to county residents make up 19.3 percent of the county's total income. National and statewide figures are closer to 14 percent to 15 percent. This may suggest that Lincoln County's retirees are more likely to push up Social Security receipts than investment income or employment earnings.

Wisconsin Counties 2003 Per Capita Personal Income and Rank in State

Area	2003	Rank	5-yr growth	Rank	Area	2003	Rank	5-yr growth	Rank
United States	\$ 31,472		17.1%		Manitowoc	\$ 27,807	27	13.6%	59
Wisconsin	\$ 30,685		17.2%		Marathon	\$ 29,992	16	22.0%	5
Adams	\$ 22,804	59	16.1%	37	Marinette	\$ 25,448	39	21.3%	9
Ashland	\$ 23,204	55	16.6%	32	Marquette	\$ 22,590	64	26.5%	1
Barron	\$ 24,922	41	15.2%	44	Menominee	\$ 18,449	72	19.8%	16
Bayfield	\$ 22,660	62	13.4%	60	Milwaukee	\$ 31,419	7	19.5%	18
Brown	\$ 32,076	5	17.8%	25	Monroe	\$ 23,467	54	16.8%	31
Buffalo	\$ 29,083	20	17.2%	28	Oconto	\$ 24,842	42	12.3%	66
Burnett	\$ 22,796	60	17.1%	29	Oneida	\$ 28,646	22	18.7%	21
Calumet	\$ 31,880	6	21.4%	8	Outagamie	\$ 30,952	11	20.5%	14
Chippewa	\$ 25,999	36	12.3%	67	Ozaukee	\$ 47,527	1	14.7%	48
Clark	\$ 22,227	66	13.9%	55	Pepin	\$ 24,407	44	13.0%	64
Columbia	\$ 30,846	12	18.2%	24	Pierce	\$ 27,963	26	18.6%	23
Crawford	\$ 22,628	63	20.9%	13	Polk	\$ 24,201	46	13.9%	54
Dane	\$ 36,455	3	21.0%	12	Portage	\$ 27,464	30	21.1%	11
Dodge	\$ 26,048	35	13.3%	61	Price	\$ 24,361	45	12.2%	68
Door	\$ 30,657	13	15.9%	40	Racine	\$ 31,271	8	15.0%	45
Douglas	\$ 23,568	53	15.3%	43	Richland	\$ 23,829	51	21.9%	6
Dunn	\$ 22,885	58	14.9%	47	Rock	\$ 28,256	25	14.1%	50
Eau Claire	\$ 27,469	29	17.5%	27	Rusk	\$ 20,461	71	14.0%	52
Florence	\$ 24,146	47	25.3%	3	Sauk	\$ 28,780	21	19.5%	19
Fond du Lac	\$ 29,951	17	16.1%	38	Sawyer	\$ 23,921	50	22.3%	4
Forest	\$ 21,975	68	25.4%	2	Shawano	\$ 23,941	49	13.9%	56
Grant	\$ 24,116	48	15.6%	42	Sheboygan	\$ 31,251	9	19.8%	17
Green	\$ 28,542	23	14.0%	51	St. Croix	\$ 31,091	10	13.6%	57
Green Lake	\$ 26,962	32	8.1%	72	Taylor	\$ 23,020	56	16.6%	34
Iowa	\$ 27,308	31	19.2%	20	Trempealeau	\$ 25,242	40	18.7%	22
Iron	\$ 22,912	57	21.1%	10	Vernon	\$ 20,950	70	15.7%	41
Jackson	\$ 26,084	34	21.9%	7	Vilas	\$ 25,664	37	13.0%	63
Jefferson	\$ 29,330	18	16.5%	35	Walworth	\$ 27,626	28	13.6%	58
Juneau	\$ 22,382	65	12.7%	65	Washburn	\$ 22,794	61	16.0%	39
Kenosha	\$ 29,117	19	16.5%	36	Washington	\$ 35,196	4	14.9%	46
Kewaunee	\$ 25,536	38	8.8%	71	Waukesha	\$ 41,551	2	12.2%	69
La Crosse	\$ 28,284	24	16.8%	30	Waupaca	\$ 26,863	33	14.0%	53
Lafayette	\$ 21,983	67	10.1%	70	Wausara	\$ 21,762	69	13.2%	62
Langlade	\$ 23,739	52	20.4%	15	Winnebago	\$ 30,359	15	16.6%	33
Lincoln	\$ 24,725	43	14.6%	49	Wood	\$ 30,401	14	17.7%	26

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Economic Information System, May 2005